



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
SPENCER COUNTY CLERK**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE SPENCER COUNTY CLERK

Calendar Year 2000

On July 23, 2001, fieldwork was completed on the December 31, 2000 Spencer County Clerk Fee Audit. An unqualified opinion was rendered on the financial statement. There were no instances of noncompliance nor were there any reportable conditions.

Deposits:

The County Clerk's deposits were fully collateralized during calendar year 2000.

Grant:

The County Clerk received a local records microfilming grant from the Kentucky Department for Library and Archives in the amount of \$2,568 during the 2000 calendar year. Funds totaling \$2,568 were expended during calendar year 2000 .

Disallowed Disbursements:

The County Clerk purchased food items that were not necessary to the function of the office. The Clerk repaid \$199 to the fee account, which was then turned over as excess fees to Fiscal Court.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable David Jenkins, Spencer County Judge/Executive

Honorable Robin G. Walldridge, Spencer County Clerk Court

Members of the Spencer County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Spencer County Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable David Jenkins, Spencer County Judge/Executive
Honorable Robin G. Walldridge, Spencer County Clerk
Members of the Spencer County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated July 23, 2001, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 23, 2001

SPENCER COUNTY
ROBIN G. WALDRIDGE, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

State Grant-Library and Archives	\$	2,568	
State Fees For Services			1,189
Fiscal Court			6,391
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	281,117	
Usage Tax		711,733	
Tangible Personal Property Tax		823,879	
Licenses-			
Fish and Game		5,077	
Marriage		3,623	
Occupational		52,897	
Deed Transfer Tax		54,346	
Delinquent Tax		66,819	1,999,491
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	14,522	
Real Estate Mortgages		33,308	
Chattel Mortgages and Financing Statements		37,091	
Releases		10,353	
Powers of Attorney		841	
All Other Recordings		11,634	
Charges for Other Services-			
Candidate Filing Fees		290	
Postage		358	
Copywork		3,486	111,883
Other:			
Notary Fees	\$	84	
Refunds and Overpayments		1,548	
Lien Release Fees		3,816	5,448
Interest Earned	\$	3,586	
Gross Receipts	\$		2,130,556

SPENCER COUNTY
 ROBIN G. WALDRIDGE, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 218,811	
Usage Tax	681,507	
Tangible Personal Property Tax	343,307	

Licenses-

Fish and Game	4,870	
Delinquent Tax	8,010	
Legal Process Tax	14,462	
Candidate Filing Fees	30	\$ 1,270,997

Payments to Fiscal Court:

Tangible Personal Property Tax	\$ 66,178	
Delinquent Tax	5,919	
Deed Transfer Tax	50,813	
Occupational Licenses	49,919	172,829

Payments to Other Districts:

Tangible Personal Property Tax	\$ 381,340	
Delinquent Tax	30,856	412,196

Payments to Sheriff	881
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Payments to County Attorney	9,281
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Library and Archives Grant	2,568
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Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies Salaries	\$ 103,640
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SPENCER COUNTY
 ROBIN G. WALDRIDGE, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:
 (Continued)

Employee Benefits-			
Employer's Paid Health Insurance	\$	3,178	
Contracted Services-			
Microfilming and Indexing Records		15,343	
Tax Bill Preparation		1,783	
Printing and Binding		5,014	
Materials and Supplies-			
Office Supplies		15,555	
Other Charges-			
Conventions and Travel		1,298	
Office Repairs and Maintenance		2,085	
Miscellaneous Election Expense		546	
Postage		3,497	
Refunds		3,971	
Capital Outlay-			
Office Equipment		3,210	\$ 159,120
Total Disbursements	\$	2,027,872	
Less: Disallowed Disbursements			
Food		(199)	
Total Allowable Disbursements			\$ 2,027,673
Net Receipts			\$ 102,883
Less: Statutory Maximum	\$	55,070	
Training Incentive		1,393	56,463
Excess Fees			\$ 46,420
Less: Expense Allowance			3,600
Excess Fees Due County for Calendar Year 2000			\$ 42,820
Excess Fees			\$ 42,820
Payments to County Treasurer - February 20, 2001	\$	35,000	
February 27, 2001		7,621	
July 17, 2001		199	42,820
Balance Due at Completion of Audit			\$ 0

The accompanying notes are an integral part of the financial statement.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$2,568. Funds totaling \$2,568 were expended during calendar year 2000.

Note 5. Disallowed Disbursements

The County Clerk purchased food items that were not necessary to the function of the office. The Clerk repaid \$199 to the fee account, which was then turned over as excess fees to Fiscal Court.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Spencer County Clerk for the year ended December 31, 2000, and have issued our report thereon dated July 23, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Spencer County Clerk's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Spencer County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 23, 2001

